



**CONSOLIDATED K-12 PUBLIC SCHOOL EMPLOYEES'
BENEFITS PURCHASING SYSTEM
QUESTIONS AND ANSWERS**

1. IS HCA'S K-12 REPORT A RESULT OF THE LEGISLATURE'S CURRENT SPECIAL SESSION ON BUDGET CUTTING?

No. The K-12 Report is a separate project initiated by the Legislature in May 2011; it is not directly related (or a response) to the late-2011 Legislative Special Session dealing with the State's budget deficit.

The report came about because the HCA was directed by the State Legislature to develop recommendations for a consolidated public school employee health benefits system, along with a proposed implementation plan. The HCA launched this project in July 2011 and was instructed to submit a final report on December 15, 2011.

Specifically, the HCA was tasked by the State Legislature to "develop a proposal for a state-administered consolidated health benefits' purchasing system for K-12 employees that can be implemented as soon as the 2013-14 school year."

2. WHEN WILL THE LEGISLATURE TAKE UP DISCUSSION ABOUT THE K-12 REPORT?

It is anticipated that during the 2012 legislative session, the appropriate committees and legislative leaders in the House and Senate will review the HCA's K-12 Report. It will be up to the Legislature to decide what happens next. The HCA crafted the Report to help inform legislators' decision-making – and we will work with the members during the 2012 Legislature should they require additional information.

3. IF THE STATE LEGISLATURE ADOPTS THE RECOMMENDATIONS FOR A K-12 CONSOLIDATED PURCHASING SYSTEM, WILL ALL K-12 PUBLIC SCHOOL DISTRICTS HAVE TO PARTICIPATE IN THE CURRENT PEBB PROGRAM?

No. The analysis conducted by the Health Care Authority determined that a single statewide PEBB program for both state employees and K-12 public school employees is **not** the best method for establishing a consolidated K-12 employees' benefits purchasing system.

The report recommends the consolidated K-12 employees' benefits purchasing system be set up as a separate program within the Health Care Authority with its own single community-rated risk pool and its own Public School Employees' Benefits Board. This newly established board would be responsible for guidance and decision-making on aspects of the purchasing system's policy, design, and administration.

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4. WOULD K-12 PUBLIC SCHOOL EMPLOYEES LOSE COLLECTIVE BARGAINING RIGHTS?

According to the recommendations in the Report, only employee health benefits will be removed from the scope of local collective bargaining. Employee health benefits decisions previously made at the district

level will transition to the consolidated purchasing system's governing board that will include members representing school district officials and public school employees.

Unions representing school employees will maintain collective bargaining rights with their employers related to other compensation and working conditions.

5. WOULD ALL K-12 EMPLOYEES BE ELIGIBLE FOR HEALTH BENEFITS UNDER THE PROPOSED CONSOLIDATED BENEFITS SYSTEM?

The employer, similar to the current system, would determine employee eligibility. The State's standard would be that all employees that are 0.5 FTE or greater would be eligible for benefits. Additionally, their dependents including spouses, registered domestic partners, children up to age 26 and disabled dependents, and others designated by the authorizing statute, could also be covered. Employees with a status of less than 0.5 FTE may be able to continue to obtain health benefits through the consolidated purchasing system on a grandfathered basis for a maximum of five benefit years beyond the system's initiation, should their employer choose to purchase benefits on their behalf.

6. WHAT KIND OF BENEFITS WOULD K-12 SCHOOL EMPLOYEES RECEIVE?

For the initial benefit year eligible employees would receive medical, pharmacy, dental and vision coverage. Life and long-term disability insurance benefits, if covered by the district, would be purchased through a separate contractor for at least the first year.

Initially the consolidated benefits system benchmark medical and pharmacy PPO plan would be closely aligned with the relative value of the 2011 WEA–Premera Plan 2. All PPO and HMO plan values would be determined in comparison to this plan. The consolidated purchasing system plan portfolio would be designed to achieve the approximate range currently available to employees and offer approximately 10 PPO plans and 3 HMO plans.

7. HAVE ANY OTHER STATES CREATED A CONSOLIDATED SYSTEM FOR PURCHASING K-12 EMPLOYEE HEALTH CARE BENEFITS SEPARATE FROM THEIR POOL OF REGULAR STATE EMPLOYEES?

Yes, a small number of states have created separate health benefit pools for their K-12 employees. Notably, Oregon, Texas and New Jersey have crafted separate systems and the HCA Report includes brief case studies of the experiences in each of these three states. Oregon has a mandatory program, Texas offers a combination of mandatory and voluntary (depending on district size), and New Jersey provides a completely voluntary program.

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8. WHO DID THE WORK ON THE HCA'S K-12 REPORT?

The Health Care Authority executive team drew upon the internal resources of multiple state agencies, school districts, associations of school officials, associations of school employees and individual employees, legislative staff, and associations and individuals representing insurance consultants and brokers and health benefits carriers. The HCA contracted actuarial consultants, project and communications consultants, and benefits administration consultants who worked closely with HCA staff.

9. WHAT'S IN THE REPORT?

The Health Care Authority recognized—and strived to achieve—a high level of objectivity in developing a viable approach to consolidated employees' health benefits purchasing for the K-12 system. The three-volume report fulfills the legislative request for a:

1. Design proposal,
2. Implementation plan, and
3. Financial model.

10. WHERE CAN I GET A COPY OF THE REPORT?

The final Report can be downloaded from the HCA website:

<http://www.hca.wa.gov/k12report/report.html>.

Because of the Report's size, it can be downloaded in one large document, or in three volumes.

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